

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
National Exchange Carrier Association, Inc.) WC Docket No. 16-400
2017 Modification of Average Schedules)
)

ORDER

Adopted: May 26, 2017

Released: May 26, 2017

By the Chief, Pricing Policy Division, Wireline Competition Bureau:

1. In this Order, the Wireline Competition Bureau (Bureau) approves the formulas for average schedule interstate settlement disbursements in connection with the provision of interstate access services proposed by the National Carrier Exchange Association, Inc. (NECA), pursuant to section 69.606 of the Commission’s rules, for a one-year period beginning July 1, 2017.¹ On May 3, 2017, NECA proposed a revision to its initial December 22 Filing, which affects settlement payments for common line and Consumer Broadband-only Loops (CBOL).² On May 11, 2017, following a request by Division staff, NECA clarified the effect of the May 3, 2017 proposed revision.³ For the reasons set forth below, we approve the average schedule formulas as proposed by NECA.

2. According to NECA, the common line, DSL Voice-Data, and Broadband-Only Second Mile settlement formulas proposed in the December 22 Filing reflect the same general structures and methods as current formulas.⁴ In the original proposal filed on December 22, 2016, the Loops Per Exchange (LPE) component was calculated using access lines. In the May 3, 2017 filing, NECA proposes to revise

¹ Letter from Richard A. Askoff, Executive Director, Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 16-400 (filed Dec. 22, 2016) (December 22 Filing). See 47 CFR § 69.606(b). On November 30, 2016, pursuant to the Commission’s *Rate of Return Reform Order*, NECA filed interim modifications to its 2016 average schedule formulas to be effective from January 1, 2017, through June 30, 2017. Letter from Richard A. Askoff, Executive Director, Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-298, Attach. at 1 (filed Nov. 30, 2016). NECA proposed to revise the average schedule formulas to reflect the Commission’s new limit on Operating Expenses and to include a new mechanism to recover the Consumer Broadband-only loop costs established in the *Rate-of-Return Order*. *Id.* On December 16, 2016, the Bureau approved the modifications on a conditional basis, subject to the tariff review process that occurred in connection with the tariff filing. See *National Exchange Carrier Association, Inc. 2016 Modification of Average Schedules*, Order, WC Docket No. 15-298, 31 FCC Rcd 4354 (WCB 2016). See also *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3089 (2016) (*Rate-of-Return Reform Order*).

² Letter from Richard A. Askoff, Executive Director, Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 16-400, Attach (filed May 3, 2017) (May 3 Filing).

³ Letter from Tatjana Curovic, Senior Director—Rates, Average Schedules & Advanced Analytics, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 16-400, (filed May 11, 2017) (May 11 Letter).

⁴ December 22 Filing at Summary-1.

the LPE calculation to use the sum of access lines and data-only lines in place of access lines.⁵ NECA states that the proposed formula changes would, on average, increase settlement rates by 0.37 percent, at constant demand levels, compared to those rates which are currently in effect.⁶

3. By Public Notice released February 9, 2017, we sought comment on NECA's filing.⁷ No comments were filed.

4. We have reviewed the NECA filings and find that its proposed formulas are reasonable.

5. Accordingly, IT IS ORDERED, pursuant to sections 0.91, 0.291, and 69.606(a) of the Commission's rules, 47 CFR §§ 0.91, 0.291, and 69.606(a), that the average schedule formulas proposed by the National Exchange Carrier Association, Inc., on December 22, 2016, and revised on May 3, 2017 SHALL BECOME EFFECTIVE July 1, 2017, and remain in effect through June 30, 2018.

6. IT IS FURTHER ORDERED, pursuant to section 1.102(b) of the Commission's rules, 47 CFR § 1.102(b), that this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Pamela S. Arluk
Chief
Pricing Policy Division
Wireline Competition Bureau

⁵ May 3 Filing at 2.

⁶ May 11 Letter at 1.

⁷ *National Exchange Carrier Association, Inc.'s Proposed 2017 Modification of Average Schedule Formulas*, Public Notice, WC Docket No. 16-400, 32 FCC Rcd 1232 (WCB 2017).